State Treasurer's
Investment Guidelines for the Treasury/Trust Portfolio

Investment for the Treasury/Trust Portfolio is guided by a policy approved by the State Treasurer and operates under the standard of a prudent investor. According to this policy:

1. Investments are limited to those authorized by statute. They include:
   - U.S. Treasury and agency securities (more precisely, obligations of any government-sponsored corporation eligible for collateral purposes by the Federal Reserve Bank);
   - Repurchase agreements;
   - Commercial paper which complies with policies and procedures of the State Investment Board;
   - Certificates of deposit with qualified public depositaries; and,
   - Banker's acceptances rated A1 or P1.
2. The Treasury/Trust Portfolio has been separated into two main portfolios, primarily to manage liquidity risk.
   - STIF Portfolio – the main objectives of this portfolio are to meet the daily cash requirements of the Treasury/Trust accounts and manage the temporary cash positions of the core portfolio.
   - Core Portfolio – this portfolio is comprised of cash that is not reasonably expected to be necessary to meet the short- or intermediate-term liquidity needs of the Treasury/Trust. Accordingly this cash may be invested further out the yield curve where, over a market cycle, it is expected to provide a higher return than the STIF Portfolio.
3. Investments subject to high price sensitivity or reduced marketability are limited to no more than 15 percent of the portfolio.
4. All security transactions are done on a delivery versus payment basis.
5. All securities are held in the custody of the State Treasurer or the Treasurer's third-party custodian.